

ENERGY

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HOUSE DEMOCRATIC CAUCUS
ENERGY TASK FORCE



PRINCIPLES FOR ENERGY PROSPERITY:

- **HELPING CONSUMERS**
- **PROMOTING GROWTH**
- **SUPPORTING PRODUCTION**
- **PROTECTING THE ENVIRONMENT**

PRINCIPLES FOR ENERGY PROSPERITY

Helping Consumers, Promoting Growth & Protecting the Environment

Democrats believe in a balanced national energy policy that helps consumers by both increasing energy production and reducing energy demand. We believe that America's current and future energy needs can be met without compromising our nation's fundamental environmental values. We believe that the federal government can lead by example and become more energy efficient, invest in innovative technologies, and assure that energy markets are fair and competitive.

Democrats reject President Bush's misguided notion that America must sacrifice the environment in order to maximize energy production. We can grow the economy and, at the same time, make strides in improving the environment. Democrats do not believe we need to open our most pristine wilderness areas to oil and gas drilling, when the vast majority of America's oil and gas resources – meeting decades of energy needs – are on less sensitive lands already open to energy development. Accordingly, Democrats oppose President Bush's plan to open the Arctic National Wildlife Refuge for oil and gas exploration.

Democrats strongly object to President Bush's assertions that the substantial improvements made in cleaning the air we breathe, cleaning the water we drink, or improving our public health must be sacrificed in order to ensure adequate energy will be available to fuel our industries, heat and cool our homes and businesses, and keep motorists on the road. In fact, we think these assertions are just plain wrong and are designed to scare Americans. Democrats do not advocate energy policies that will require rationing or reductions in our standard of living, rather, we advocate an energy policy that is balanced, fair, and forward-looking. The President and his Administration will in the coming days advocate the construction of more than 1300 new power generating plants, drilling on environmentally-sensitive public lands, and reducing the regulations on energy production which have brought cleaner air and greater efficiency. Democrats support a plan that recognizes the need for new energy production and generation, and will at the same time save consumers money, continue the important work to cut pollutants that affect the health of every American, create real jobs, and will reduce the percentage of imported foreign oil we need to keep our economy strong and to protect our national security.

The plan to be unveiled this week by the Bush Administration follows on the heels of 6 years of energy inaction and intransigence from the Republican-controlled Congress. The Bush Administration is merely following the same tired old Republican playbook: cast blame, insist on extreme anti-environmental proposals, and provide American families struggling to pay their energy bills with no real help now and very little in the future.

I. HELPING CONSUMERS NOW

President Bush has said that there is nothing he can do to help American families suffering through record high energy bills, gas prices, and electricity blackouts. These claims are a failure of leadership. The American people have earned answers, not excuses.

Democrats believe we can act to alleviate the electricity problems faced by the Western United States. We support multiple steps for helping consumers **NOW** – in addition to proposals for providing longer-term help to American families and businesses. Democrats propose effective protections against price gouging, retroactive tax credits for better energy efficiency and assistance to lower income families and the elderly on fixed incomes to help meet and lower their energy costs.

Since the energy crisis of the 1970's, America has saved or produced **four times** more energy through efficiency, conservation and renewables than was produced from other new sources. In addition, energy savings cut utility bills for homes and businesses – saving money for American families and making American business more competitive. However, President Bush is now practicing divisive politics by proposing a shortsighted policy that disparages the value of energy efficiency and renewable energy.

An End to Price Gouging

Western Electricity: Democrats believe that the Federal Energy Regulatory Commission (FERC), led by a chairman appointed by President Bush, has failed to enforce the law and stop unjust and unreasonable wholesale prices from being charged in the Western electricity grid. As has been well reported by the press, many communities in the West have faced markedly higher prices for electricity while at the same time they have had to deal with blackouts in their electricity service. Democrats are concerned about the economic implications of this situation for the Western U.S. as well as for entire Nation. Since the FERC and President Bush have repeatedly refused to act, Democrats call on Republicans in Congress to work together with Democrats to promptly pass the Feinstein-Smith bill (S. 764) or the Inslee bill (H.R. 1468) that will return the West to just and reasonable cost-of-service based rates until March 1, 2003. These bills still allow generators to make a profit, and in addition, they exempt new generation to encourage new power plant development and construction. Democrats also believe FERC should order refunds of unjust overcharges that have already occurred. To date, over \$6 BILLION in overcharges have been referred to FERC for investigation.

Gasoline Nationwide: Democrats are disturbed about the inaction of President Bush in response to gasoline prices that have now climbed over to \$1.70 per gallon for regular unleaded. While Bush Administration officials express their concern, they continue to disregard the Federal Trade Commission's (FTC) March 2001 report that found that during last summer's Midwestern gasoline price spike, certain suppliers withheld or delayed shipping gasoline in order to maximize profits. While not illegal, their actions were clearly against the public's interests. It is the responsibility of the President Bush and his Administration to be vigilant in protecting American consumers. **We call on President Bush to take the following steps:**

- Call on OPEC, and non-OPEC oil producers such as Mexico, to increase production at this time when the world spot price for crude oil continues to hover over \$28 per barrel. In January 2000, when spot prices were \$27 per barrel, then-candidate Bush harshly attacked President Clinton, saying the President "ought to get on the phone with the OPEC cartel and say 'We expect you to open your spigots!'"
- Follow the examples of former Presidents Bush and Clinton, and announce that he is prepared to use his authority over the Strategic Petroleum Reserve to release crude oil in the event of future oil market disruptions. The last two Administrations both successfully released oil from the Reserve to calm energy markets during times of instability. President Bush's pronouncement that he will not use the Reserve to combat manipulation of energy markets amounts to unilateral disarmament in talks with oil producing countries.
- Instruct the Justice Department to aggressively investigate energy pricing to assure that illegal price fixing does not occur, and to give thorough anti-trust reviews to any proposals to further consolidate energy companies.

Congress Must Act: The Republican Congress has also ignored the best interest of American consumers by ignoring rising gas prices and refusing to provide real relief for consumers and businesses in the Western U.S. The Republican Congress should fulfill its oversight responsibilities for monitoring energy supplies and the cost of energy. Congress should begin comprehensive hearings on pricing practices throughout the energy industry to find remedies for market manipulation and excessive concentration that can endanger economic growth and public safety.

Energy Efficiency Now!

Americans are already making lifestyle-changes because of high energy prices, and, as most of

the country approaches air conditioning season and as summer vacations approach, many families will have to curtail the use of appliances or change their vacation plans in order to be able to pay their energy bills. In addition to the immediate help we have called for above, Democrats believe the Congress should take quick action to help families and businesses maximize energy efficiency and conservation without having to make large and painful lifestyle changes. Democrats propose innovative tax incentives for gains in energy conservation and efficiency. We propose a flexible, non-refundable, tax credit for high efficiency vehicles, purchase of energy efficient homes, or defined home improvements that reduce energy costs.

Best Energy Saving Tax Credit (BEST Credit): A flexible consumer tax credit for up to \$4,000, provided for:

- *New Homes:* Purchasing a newly constructed or manufactured home that exceeds efficiency standards set under the 2000 International Energy Conservation Code. Up to \$4,000 credit for purchase, based on the energy efficiency of the new home.
- *Home Improvements:* Retrofitting existing homes with renewable energy generation, co-generation and/or geothermal heating/cooling. Replacing existing systems with Energy Star appliances, heating/cooling equipment that exceeds federal minimums, high efficiency lighting, windows/doors and/or insulation that meet or exceed federal guidelines. Twenty percent of cost up to \$4,000 based on the measures taken by the consumer.
- *Vehicles:* Purchasing cars and/or light trucks/SUV's/minivans equipped with fuel saving new technology or alternative fuel engines. The consumer tax credit will facilitate the introduction of fuel saving technology on those vehicles that consumers are buying to meet their diverse transportation needs. Credit up to \$4,000 based on fuel savings or other performance standards.

Structure and Vehicle Efficiency Tax Incentives (SAVE Incentives): Democrats believe American business should be leading the world in lowering business costs through increased efficiency, conservation and use of renewables.

- *Renewables:* Provides up to a 30% investment tax credit for business investment in renewable energy generation, including wind turbines, co-generation, solar water heating and photovoltaic panels, fuel cells, geothermal technologies and other similar energy efficient technologies.
- *Efficiency:* Allows business to take a deduction for increasing energy efficiency in non-residential buildings, including commercial buildings, state and local government buildings and rental housing. The deduction may be taken for up to

\$2.25 per square foot for property improvements that reduce energy use by 50% below defined standards.

- *Vehicles:* Provide a 20% investment tax credit for purchase of cars and/or light trucks/SUV's/minivans equipped with fuel-saving new technology or alternative fuel engines.

Supplemental Funding for LIHEAP: Democrats call for action now to help low and fixed income American families meet the rising costs for energy. Democrats call for supplemental funding for the low-income energy heating assistance program (LIHEAP), for the current fiscal year, to respond to record high energy prices.

Cutting the Federal Government's Energy Bill: Since the start of the Western Electricity crisis, the California state government has cut its daily electric usage by eight to over twenty percent. Democrats believe it is time for the federal government – America's largest energy user with over 500,000 buildings – to become part of the solution and not part of the problem. Democrats propose that all federal facilities in the Western Electric Grid, and in other regions susceptible to electricity shortages, meet a minimum daily reduction in electric power usage of eight percent. Facilities in areas subject to potential blackouts should be prepared to match local government reduction goals during times of power alerts. That means, for example, the federal government should match the twenty percent performance of California in the event of a serious power alert.

Mass Transit and Van Pooling Benefits: Democrats have long supported the development of an extensive network of public transit systems throughout the nation, in urban, rural, and suburban areas. Democrats continue to support increased funding for these programs so as to provide more low-cost mobility for people who cannot afford to own a car as well as for providing an affordable, high-quality alternative to using automobiles for commuting to work. Because ridership costs for public transit are increasing, Democrats support increases in the transit benefit for both public and private sector employees as well as an increase in the allowable tax deduction for those private sector employers who make the program available to their employees. In addition, Democrats support providing tax incentives for businesses and individuals who provide van pools for commuting workers.

Helping Public Schools Now!

Democrats further believe supplemental funding of \$200 million in emergency assistance should be provided in the current fiscal year to help mitigate the impacts of the

electricity crisis in the Western Electric Grid. Modeled on the emergency measures adopted by the state government in California, we propose to provide the funding to cover the costs of the necessary steps to reduce energy use in federal facilities, but also to assist public schools hard pressed by dramatically rising energy costs. This weatherization and energy cost assistance program is vital if public education is not to suffer. Many western school districts are already adjusting budgets – including laying-off teachers – to pay power bills. Democrats believe compromising the quality of education is an unacceptable consequence of the current electricity crisis.

II. LONG TERM ENERGY SAVINGS

These first steps to promoting better efficiency, more conservation, and greater use of renewables should be followed by continued support for bringing these new technologies to the market place to help consumers save money. Democrats, therefore, propose that the **BEST** Credit and **SAVE** Incentives (discussed on pages 3 and 4) be implemented as quickly as possible to help taxpayers in the current tax year and that they be made available for up to ten years. Over time, Democrats believe our proposals will lead to increased manufacture of new energy efficient equipment and vehicles, and greater investment in construction and renovation that will stimulate economic growth and provide real jobs for American workers. At the same time, these steps save money for businesses and families by reducing energy costs throughout the entire economy

In addition, we call for the enactment of other long-term incentives to help Americans deal with rising energy costs:

Weatherization, Heating Assistance, and Reduced-cost Mortgage Initiative (WHARM):

Democrats favor programs targeted to help lower and middle income Americans meet and lower their energy costs over the long term. We can do this by expanding the successful, bipartisan-supported, LIHEAP program. Currently, only one-third of eligible families receive assistance from LIHEAP for paying the high costs of heating and cooling their homes. We can also assist these families by helping them to take the often rudimentary steps necessary to reduce their energy cost by eliminating energy loss in their homes. Finally, we recognize that purchasing more energy efficient homes, or making energy saving improvements can be beyond the financial resources available to many Americans. ***Democrats believe we need to find creative new ways to help American families finance their steps that will lower their energy costs through greater energy efficiency.***

Weatherization: Democrats would fulfill President Bush's broken campaign promise and actually double the highly successful low income, home weatherization program (exceeding the Bush budget by \$450 million over ten years – helping an estimated 150,000 more families than under the Bush budget.)

LIHEAP: Democrats would raise the authorization for the low income energy heating assistance program (LIHEAP) from \$2 billion to \$3.4 billion, and support appropriations for LIHEAP at the fully authorized level, beginning in FY2002.

Energy Efficient Financing: Democrats support steps to expand the market for “energy efficient mortgages” and to make these financial products more flexible to help more

families. Democrats propose that the federally sponsored secondary market institutions and any direct federal loan programs be required to offer financing tools that provide increased incentives to improve energy efficiency. Democrats would direct these agencies to develop within twelve months proposals for making energy efficient mortgages more affordable, more flexible home improvement loans, and allow energy savings to be included in calculating loan eligibility.

III. INCREASING ENERGY PRODUCTION

Democrats are committed to a policy of increased energy production and the environmentally sound use of all energy sources. Moreover, Democrats favor continuing the production of energy on public lands in accordance with the established procedures followed so successfully by the Clinton Administration. President Clinton produced more energy from our public lands than the previous Bush or Reagan Administrations, demonstrating that energy production can be enhanced while at the same time respecting environmental protections, and without sacrificing natural wonders set aside for their unique contribution to our environmental heritage. According to the Department of the Interior, 89% of the United States' proven oil and gas reserves are in areas open to drilling. Democrats support policies to encourage further production of energy from these regions.

Democrats encourage the construction of and continued maintenance of energy production and delivery systems in the United States. We recognize that refinery bottlenecks, pipeline disruptions and outdated transmission facilities have had a significant negative impact on safe, efficient development and delivery of energy. Democrats support tax incentives to encourage the development of critical energy infrastructure, review of federal regulations to find ways to maximize use of this infrastructure, and strengthen laws to insure safety and reliability.

Domestic Energy Enhancement Program (DEEP)

Democrats recognize that traditional energy sources, such as natural gas, crude oil, nuclear and coal will continue to meet the majority of America's energy needs for much of the foreseeable future. Democrats believe in enhancing our energy production and in finding ways to encourage making greater advances in lessening the impact on our environment.

Petroleum Production: Currently, oil and natural gas account for approximately 65 percent of the nation's energy supply and will continue to be the significant energy source in our country. Democrats believe we need to provide greater market stability for both the oil and gas industry to help maintain and increase domestic production, and to deter wild price swings that hurt American families. Democrats support targeted tax incentives for domestic production of crude oil. These incentives are directed at making marginal wells more profitable to keep them in production as well as to reduce the costs of domestic exploration for new sources of oil and gas. These tax credits include, but are not limited to:

- Tax credits for producing oil and gas from marginal wells.

- The election to expense geological and geophysical expenditures and delay rental payments.
- 5-year net operating loss carryback for losses attributable to operating mineral interests of independent oil and gas producers.
- Temporary suspension of limitation based on 65 percent of taxable income and extension of suspension of taxable income limit with respect to marginal production.

Petroleum Market Stability: Wild price swings are harmful to both domestic producers and consumers and can constitute a threat to our economic stability and national security.

- *Petroleum reserve:* One tool available to minimize the economic damage caused by oil market disruptions is the release of oil from the Strategic Petroleum Reserve. And, in order to protect the domestic industry in times of falling prices which may force the shut-down of domestic wells, the Federal government should purchase oil to place in the reserve. President Bush has announced that he is not willing to release oil from the SPR as a means to stabilize prices during market disruptions. Democrats would require the President to report to Congress on why oil will not be released when market prices exceed \$30/barrel, and report why domestic oil will not be purchased from marginal wells for the SPR when prices are below \$15/barrel.
- *Heating oil reserve:* Democrats pushed for the creation of the Northeast Home Heating Oil Reserve and call on President Bush to continue funding for the Northeast Home Heating Oil Reserve. Additionally, Democrats support legislation that would require the President to report to Congress why home heating oil will not be released when market prices exceed the triggers in current law, and report why stocks to fill the reserve will not be purchased when prices are low.
- *Enhance retail competition:* Democrats also recognize that increased concentration in the oil and gas industry has led to price discrimination against independent gasoline marketers who often do not get the lowest price from allied wholesalers and refiners. Democrats propose that a price-reporting requirement be imposed on the wholesale and refining industries in order to allow independent marketers an equal opportunity to obtain the lowest price for vehicle fuels. This will allow these retailers to offer lower prices to consumers.

Natural Gas: Democrats recognize that, according to the National Petroleum Council, 91% of the United State's proven reserve of onshore natural gas (1,466 trillion cubic feet), is open to drilling. Seventy-nine percent of offshore natural gas (286 trillion cubic feet) is

currently open to drilling. Together these reserves would meet current needs for 40 years. In order to encourage natural gas production, Democrats propose the same tax incentives for marginal wells and domestic exploration as proposed above for crude oil.

In addition, Democrats support a production tax credit to promote the development of a new Trans-Alaskan natural gas pipeline to bring natural gas on Alaska's North Slope to the continental United States, consistent with current environmental regulations and current law which authorizes the construction of the pipeline.

Democrats also support the creation of a natural gas reserve to protect American consumers from dangerously high natural gas prices which affect the electricity market, and to be used to buy domestic natural gas from marginal wells during times of low prices.

Pipelines: In addition to the development of a new Alaskan natural gas pipeline, Democrats propose strengthening our current oversight program for pipelines in order to enhance safety and reliability. In 2000, seventeen Americans lost their lives in pipeline accidents. In addition, pipeline disruptions caused significant supply and price problems.

Democrats would further require the Federal Energy Regulatory Commission to review its permitting process to speed approval of pipeline siting and construction. Under the Clinton Administration, FERC greatly reduced the time required for permitting new pipelines. However, more needs to be done to further expedite the siting of pipelines but without compromising safety or environmental standards. In addition, the Department of Transportation's Office of Pipeline Safety must stringently enforce pipeline safety laws in in order to protect human health and safety as well as environmental standards.

Coal: Coal is currently the source for over 50% of America's electricity generation. Democrats believe we need to encourage innovation in research and provide incentives for reducing pollution from our existing coal-fired power plants.

- **"EXCEED" Tax Credit:** Democrats propose a ten percent investment tax credit for the cost of clean air control technology for utilities that lead a power plant to exceed mandatory emissions reduction levels for pollutants regulated under Title I of the Clean Air Act, or for significant early compliance with clean air emissions reduction target dates. This credit would also be extended to measures that reduce CO2 emissions. This credit could be applied on a sliding scale to encourage greater or faster emissions reductions. Public utilities and coops would be permitted to trade the credits or use them as offsets against debt or obligations in lieu of tax credits.
- **Hybrid plants:** Democrats propose up to a ten percent investment tax credit for modifications to existing coal plants to allow the use of biomass and/or synthetic liquid and gaseous fuels from coal, in combination with coal to produce at least

five, and up to fifteen percent of a plants' fuel requirements from such sources. The use of such technologies as biomass would significantly improve environmental performance, while also offering farmers a new market for agricultural surpluses. Public utilities and coops would be permitted to trade the credits or use them as offsets against debt or obligations in lieu of tax credits.

· *New research:* Over the last 30 years, emissions from coal-fired plants have been reduced by 20 percent, while power generation has tripled. Continuing this progress is important to our economy, to improving the environment, and to reducing our dependence on foreign sources of fossil fuels. Democrats support funding for research on technologies that can further reduce emissions from the use of coal.

Nuclear: Democrats recognize that nuclear energy currently provides approximately 20 percent of the nation's electricity. We support continued research in advanced technologies for nuclear power as well as continued efforts to find safe and environmentally sound methods to reduce nuclear waste and provide for its safe disposal.

Electricity transmission: Increased wholesale electricity sales have placed strains on our existing electricity transmission infrastructure. Democrats would direct the National Academy of Science to study our existing nationwide grid to identify infrastructure bottlenecks so that the federal government can then target incentives to the highest priority modernization projects.

Refining capacity: While refining capacity expanded in the past eight years to higher levels than were achieved under either former Presidents Bush or Reagan, recent refinery expansions have not resolved the many problems with refinery bottlenecks. Democrats propose measures to address the energy-processing problem:

· *Biomass-fuels:* Last summer's Midwest gas price spike was caused in part by refinery delays in preparing reformulated and regular fuels. Democrats propose investment tax credits for cooperatives that construct biomass-fuel (such as bio-diesel and ethanol) refining capacity. This tax incentive will help to increase the supply of these fuels to keep pace with rapidly rising demand. It will also help farmers who have been hard pressed during the past three years by record low crop prices.

· *Expedited review:* Democrats would instruct EPA to continue the Clinton Administration practice of expediting the agency's review of refinery permits within 180 days. We support efforts that speed up federal environmental reviews when to do so does not detrimentally impact environmental standards. Under the last Administration, for example, the EPA's review process enforced environmental laws, and led to over two dozen refineries expanding their capacity – allowing American industry to achieve high levels of refining capacity.

Renewable Energy Advancement Program (REAP): Renewable energy remains at a competitive disadvantage in the current marketplace, where long-term energy security and environmental gains are minimal factors. Democrats propose a comprehensive tax and assistance program for leveling the playing field for energy produced from renewable resources so renewable energy use can grow as a percentage of the energy market for America's long-term benefit.

Tax Incentives: Democrats support increasing the existing investment credit for renewable energy infrastructure to 20% for solar and geothermal, and extending the credit to wind and biomass and any energy produced from renewable resources. Democrats also call for increasing the current tax credit for producing electricity to 2 cents per kilowatt hour for electricity produced from wind and biomass, and extend the credit to solar and geothermal.

CARE Fund: Democrats propose to create a “**Conservation And Renewable Energy**” **Public Benefits Fund** to provide grants and flexible financing for rapid development of America's renewable energy generation and to maximize energy conservation and efficiency. The CARE Fund would serve as an infrastructure bank for state and local governments, schools and universities, and non-profits and cooperatives. It would also provide much needed grant funding for these same entities, and for their programs that benefit low and fixed income families. Funded at a minimum of \$1 billion per year, the CARE Fund would finance such projects as placing solar panels on government rooftops, the cost of net metering equipment, weatherization of public schools and the necessary infrastructure for maintaining fleets of alternative fuel vehicles. This flexible fund will help to provide the resources for local communities to better manage their energy costs and increase local energy generation.

IV. PROTECTING THE ENVIRONMENT

President Bush is dividing and not uniting Americans when he pits the Nation's energy needs against our most important environmental protections. The American public has consistently supported protection for our wildlife refuges and wilderness areas. ***Democrats believe the United States can increase energy production while also protecting the environment.*** The first steps to achieving this goal are the effective efficiency, conservation and renewable energy programs previously described. We must also continue to be wise stewards of our federal lands, advocates for cutting air pollution – including CO2 emissions that are the leading cause of global climate change – and oppose efforts to take short-sighted short-cuts through our environmental laws. In that light, Democrats are troubled by President Bush's turnaround on this important issue and call on him to fulfill his campaign promises to implement the CO2 emission regulations first proposed by President Clinton.

Protecting our lands: Democrats have long supported environmental protections for our rare wilderness areas. We believe that President Bush has failed to justify a change in the policy of successfully balancing energy production and environmental protections. In the last eight years, energy production on federal lands reached record highs, yet at the same time, millions of acres of America's most beautiful, rare and pristine lands were set aside for the enjoyment of all Americans and future generations. We believe this same consideration should be extended to our most vital waterways. We oppose drilling in such environmental sensitive regions as the Great Lakes, the largest freshwater lakes in the world.

Clean Air Incentives (EXCEED Tax Credit): Provide an investment tax credit of up to 20% for the cost of clean air control technology for businesses that **exceed** mandatory emissions reduction levels for pollutants regulated under Title I of the Clean Air Act. In addition, Democrats believe the **EXCEED** credit should be provided to **utilities that cap their CO2 emissions at 2000 levels**. The utility would earn a larger credit based on the increased level of emission reductions, with the largest credit for CO2 given for reducing emissions to 1990 levels. The credit could be traded by publicly owned utilities and energy cooperatives to encourage their participation in greater emissions reductions.

Expedited Environmental Review: Democrats disagree with Republican claims that environmental standards must be waived and weakened in order to speed economic development. Democrats oppose weakening America's environmental laws. We support efforts to quicken federal environmental reviews when to do so does not detrimentally impact environmental standards, such as EPA's 180-day review of refinery permits previously noted. Democrats would require federal agencies to review their environmental review procedures in order to find time savings, that do not compromise

environmental protections, for energy generation, processing, transportation and transmission projects that require federal approval.

Moving forward on the environment: Democrats are disappointed that President Bush has used his first 100 days to establish a record of rolling back environmental standards and the Nation's commitment to continued progress in fighting pollution. We call on the President to reverse course and work with Democrats on these key issues:

- *Vehicle fuel efficiency:* Democrats believe that the Secretary of Transportation should prescribe by regulation the maximum feasible fuel economy level for light trucks, SUVs, and mini-vans that he decides the manufacturers can achieve in a model year, in accordance with requirements and conditions of existing law.
- *Appliance efficiency standards:* Democrats believe the Bush Administration should not weaken the appliance efficiency standards proposed by the Clinton Administration, including those for air conditioners.
- *Global climate change:* Democrats believe the United States should continue to be an active participant in international talks on global climate change. President Bush should fulfill his campaign promises to seriously address climate change, and he should recognize that scientific fact shows global climate change is occurring and is a serious risk to the health of our planet. President Bush has significantly damaged the diplomatic credibility of the United States by his actions on global climate change, and he has acted in disregard of the views and best interests of the vast majority of Americans. Democrats also call for immediate action, as describe in Section V, to reduce federal government energy use, saving taxpayers money, and voluntarily achieving greenhouse gas reductions over in a manner consistent with current American law.

V. LEADING ON ENERGY

The federal government is the largest single consumer of energy in the United States. For example, the government manages the energy demands of 500,000 buildings. The federal government must become an energy leader by taking aggressive action to cut its energy use. The federal government can also lead the private sector by example by investing in research on long-term solutions to meet our national energy requirements.

Cutting Federal Energy Use: Democrats propose that the federal government establish an energy use budget, and set goals for reducing federal energy costs over the next ten years. Democrats call for increased funding for up-front investment in converting energy sources for federal buildings, such as installation of solar panels on roof-tops, and improving the energy performance of buildings and equipment. In addition, Democrats propose to reward energy saving agencies by allowing them retain half of the money saved from reduced energy bills for use in agency programs that serve the public.

- ***Government contracting:*** We believe that the federal government's current contracting rules do not take into full consideration the energy costs incurred by the government. Democrats propose that the rules for awarding construction contracts and standards for equipment purchases be changed to require consideration of long term energy operating costs. The government should not, for example, be buying the least expensive air conditioning equipment if it costs more taxpayer's money when operating costs are factored into the bid. Government buildings should also be constructed in a way that produces the lowest costs to taxpayers throughout the life-expectancy of the structure.
- ***Vehicle purchasing:*** The federal government is one of the largest single purchasers of vehicles in this country. As automakers prepare to introduce a new generation of hybrid vehicles into the marketplace, Democrats believe the government should be leading the way in making this new technology a success. We propose that the federal government be required to purchase hybrid vehicles, when such vehicles are available and can meet all performance needs for the purchasing agency. This presumption in federal purchasing would be a powerful stimulus to lowering the costs and increasing the available of these vehicles to the public at large.

Appliance Efficiency Standards: Democrats believe that the Bush Administration should immediately reinstate the 30% efficiency improvement standards for central air conditioners that it rolled back earlier this year. The Bush Administration

should also accelerate rulemakings to adopt, within two years, updated efficiency standards for commercial air conditioners and residential heating systems. In addition, Democrats also believe that the Department of Energy should propose strong new standards for other devices, such as limits on standby power consumption of televisions, VCRs, and other electronic products, and establish efficiency standards for exit signs, traffic lights, torchiere lighting fixtures; and utility transformers.

VI. INVESTING IN THE FUTURE:

The United States has long been the world leader in developing new energy technologies, yet, the Bush energy budget guts critical programs that encourage cutting edge research on renewable energy and energy efficiency. ***Democrats strongly believe that the U.S. must continue its investment in new technology in order to maintain our technological lead in energy efficiency and that the Congress should direct the National Academy of Sciences to investigate cost-effective ways in which America can become more energy efficient through the use of new technologies.*** We also believe we need to invest in finding ways to increase energy production and to use fossil fuels and other currently utilized energy technologies in the most environmentally responsible manner possible

Democrats are particularly concerned the Bush budget has dramatically cut programs which will help us achieve these goals. In the first budget submission, the Bush Administration has proposed reductions in overall spending for the Department of Energy by \$460 million. For example, if funding for the Bush clean coal power initiative is removed from the ***fossil energy research and development programs budget, the remaining fossil energy programs are cut by an average of 45 percent. Renewable energy is cut by 34.6 percent and conservation (other than weatherization grants) by 21.2 percent. Geothermal and hydrogen research are cut by 48.3 percent; hydropower by 49.9 percent; solar energy by 53.7 percent; and, wind energy by 48.2 percent.*** This is on top of a three-fourths reduction in energy funding (in constant dollars) between 1980 and 2000. This long-term decline in energy research and development spending, along with the short-sighted cuts in renewable energy programs proposed by the Bush Administration will be costly to the country in the long-run. ***Democrats call on the Administration and the Republican Congress to restore these cuts as well as to increase funding for those programs which have the greatest potential to reduce the need for the import of fossil fuels.***

Renewable and Alternative Energy: Democrats believe there are a number of promising technologies whose development could result in cost-effective alternatives to traditional energy sources. The Energy Information Administration has said an aggressive research and development and technology deployment program can make significant reductions in energy requirements over the next 20 years. Within such a comprehensive plan of energy research and development, we call on the Department of Energy to publish an annual inventory and assessment of renewable energy resources and to promote their development. Some of these programs include:

- wind, photovoltaic, solar, biomass, geothermal, and biofuels;
- distributed generation and cogeneration;
- fuel cell technology; and
- net metering and national interconnection standards.

Science Education: A critical factor in the development of new technologies is education. Democrats believe every effort should be made to encourage colleges and universities to participate in programs that will attract students who will be the research scientists, geologists, and engineers of tomorrow. We support a scholarship program for science and engineering students whose academic career is focused on energy research and development, as well as grants to those universities who establish programs directly-related to research and development in renewable and alternative energy technologies.

Elevate Science and Technology in the Department of Energy: Democrats believe science and technology are issues deserving the full-time attention of DOE and call for increased funding for the Office of Science as well as the creation of the position of Under Secretary for Science and Technology to oversee all R&D programs.